

**NAVAL ASSOCIATION OF CANADA-OTTAWA**

**FINANCIAL STATEMENTS**

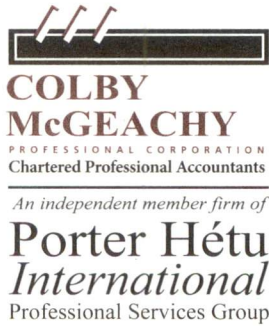
(Unaudited)

December 31, 2019

## TABLE OF CONTENTS

	Independent Practitioner's Review Engagement Report
Statement I	Statement of Financial Position
Statement II	Statement of Operations
Statement III	Statement of Changes in Net Assets
Statement IV	Statement of Cash Flows
	Notes to Financial Statements

# Independent Practitioner's Review Engagement Report



To the Members of  
Naval Association of Canada-Ottawa

We have reviewed the accompanying financial statements of **NAVAL ASSOCIATION OF CANADA-OTTAWA** that comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of **NAVAL ASSOCIATION OF CANADA-OTTAWA** as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Other Matter

We were not engaged to report on the comparative financial statements, and as such, the comparative financial statements for the year ended December 31, 2018 are neither audited nor reviewed.

**COLBY MCGEACHY PROFESSIONAL CORPORATION**  
CHARTERED PROFESSIONAL ACCOUNTANTS

*Authorized to practice public accounting by the Chartered Professional Accountants of Ontario*

Almonte, Ontario  
June 26, 2020

---

Professional Strength

---

Personal Service

---

Practical Solutions

---

BRITISH COLUMBIA

---

ALBERTA

---

MANITOBA

---

ONTARIO

---

QUEBEC

---

NEW BRUNSWICK

---

NEWFOUNDLAND

---

PRINCE EDWARD ISLAND

---

NOVA SCOTIA

---

INTERNATIONAL

---

Website      [www.porterhetu.com](http://www.porterhetu.com)

---

Telephone    (613) 256-6415

---

Fax            (613) 256-7569

---

Toll Free     (866) 259-2878

---

14 MILL STREET, 2ND FLOOR

---

BOX 970

---

ALMONTE, ON, K0A 1A0

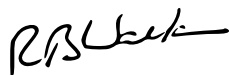
**NAVAL ASSOCIATION OF CANADA-OTTAWA**  
**STATEMENT OF FINANCIAL POSITION**

(Unaudited)

As at December 31, 2019

	2019	2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 56,734	\$ 182,848
Short term investments (Note 3)	-	79,555
HST recoverable	9,128	30,076
Prepaid expenses	31	329
	<b>\$ 65,893</b>	<b>\$ 292,808</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 3,727	\$ 2,962
Unearned revenue - prepaid membership dues	11,080	13,130
	<b>14,807</b>	<b>16,092</b>
<b>Designated funds (Note 5)</b>	<b>12,143</b>	<b>246,124</b>
	<b>26,950</b>	<b>262,216</b>
<b>PURPOSE OF THE ORGANIZATION (Note 1)</b>		
<b>NET ASSETS</b>		
<b>Balance</b>	<b>38,943</b>	<b>30,592</b>
	<b>\$ 65,893</b>	<b>\$ 292,808</b>

On behalf of the board


\_\_\_\_\_  
President\_\_\_\_\_  
Treasurer

**NAVAL ASSOCIATION OF CANADA-OTTAWA**  
**STATEMENT OF OPERATIONS**

(Unaudited)

For the year ended December 31, 2019

	<b>2019</b>	2018
Revenues		
Membership dues	\$ 23,435	\$ 26,175
Donations	7,340	1,140
	<b>30,775</b>	27,315
Expenditures		
Memberships	12,335	13,660
Education and speakers' nights	2,939	2,143
Subscriptions, permits and licenses	2,520	2,219
Soundings	2,320	1,734
Meals and entertainment	2,131	2,516
Professional fees	2,000	-
Veterans support and outreach	1,495	-
Outreach and representational expense	948	1,124
Office and administration	871	1,006
Insurance	774	774
Interest and bank charges	99	164
	<b>28,432</b>	25,340
Excess of revenues over expenditures before undernoted item	2,343	1,975
Other income		
Gain on sale of investments	6,008	1,095
Excess of revenues over expenditures	<b>\$ 8,351</b>	<b>\$ 3,070</b>

The attached notes are an integral part of these financial statements

**NAVAL ASSOCIATION OF CANADA-OTTAWA**  
**STATEMENT OF CHANGES IN NET ASSETS**

(Unaudited)

For the year ended December 31, 2019

	<b>2019</b>	2018
Balance, beginning of year	\$ 30,592	\$ 27,522
Excess of revenues over expenditures	<b>8,351</b>	3,070
Balance, end of year per Statement I	<b>\$ 38,943</b>	\$ 30,592



**NAVAL ASSOCIATION OF CANADA-OTTAWA**  
**STATEMENT OF CASH FLOWS**

(Unaudited)

For the year ended December 31, 2019

	<b>2019</b>	2018
<b>Cash flows from operating activities</b>		
Excess of revenues over expenditures	\$ 8,351	\$ 3,070
Changes in non-cash working capital		
Decrease (increase) in short term investments	79,555	(79,555)
Decrease (increase) in HST recoverable	20,948	(30,076)
Decrease (increase) in prepaid expenses	298	(329)
Increase in accounts payable and accrued liabilities	765	2,962
(Decrease) increase in unearned revenue - prepaid membership dues	(2,050)	13,130
Increase in designated funds - Salty Dips	640	-
Decrease in designated funds - Naval Affairs	(234,621)	-
<b>Decrease in cash and cash equivalents</b>	<b>(126,114)</b>	<b>(90,798)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>182,848</b>	<b>273,646</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 56,734</b>	<b>\$ 182,848</b>

**NAVAL ASSOCIATION OF CANADA-OTTAWA**  
**NOTES TO FINANCIAL STATEMENTS**

(Unaudited)

December 31, 2019

---

**1. PURPOSE OF THE ORGANIZATION**

Naval Association of Canada-Ottawa was federally incorporated on February 14, 1986, as a not-for-profit organization and is a registered charity under the *Income Tax Act*. A certificate of continuance was issued on June 1, 2013. The Naval Association of Canada-Ottawa (NAC-Ottawa) is a branch of the Naval Association of Canada. As the largest branch of the Association, NAC-Ottawa actively supports National initiatives and priorities, which seeks to educate the Canadian public on the Navy and its requirements in order to contribute effectively to Canada's security, prosperity and other interests, not only in home waters, but around the world, the need for a capable Canadian Navy; recognition and preservation of maritime heritage and the expression of Naval camaraderie and mutual assistance.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The significant accounting policies used are as follows:

**Revenue recognition**

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

**Cash and cash equivalents**

The organization's policy is to present bank balances under cash and cash equivalents with a maturity period of three months or less from the date of acquisition. Term deposits that the organization cannot use for current transactions because they are restricted as reserves are excluded from cash and cash equivalents.

**Contributed services**

Directors and committee members volunteer their time to assist in the organization's activities. While these services benefit the organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

**Investments**

Investments are recorded at fair value. Unrealized gains and losses as a result of fair value adjustments at year end are included in investment income for the year.



**NAVAL ASSOCIATION OF CANADA-OTTAWA**  
**NOTES TO FINANCIAL STATEMENTS**

(Unaudited)

December 31, 2019

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**Financial instruments**

The organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

**Measurement uncertainty**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

**3. SHORT TERM INVESTMENTS**

	<b>2019</b>	2018
Royal Mutual Funds Inc - RBC Select Very Conservative Portfolio	\$ -	\$ 79,555

Quoted units in funds measured at fair value.

**4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2019</b>	2018
Accounts payable and accrued liabilities	\$ 2,077	\$ 2,962
NAC endowment fund payable	400	-
Cadet Bursary payable	1,250	-
	<b>\$ 3,727</b>	<b>\$ 2,962</b>

The NAC endowment account holds the donations made by NAC-Ottawa members that are designated to the NAC endowment fund. The outstanding balance will be remitted in early 2020.

The Cadet bursary account consists of designated donations made to the Royal Canadian Sea Cadet Education Foundation through NAC-Ottawa.

**NAVAL ASSOCIATION OF CANADA-OTTAWA**

**NOTES TO FINANCIAL STATEMENTS**

(Unaudited)

December 31, 2019

---

**5. DESIGNATED FUNDS**

	<b>2019</b>	2018
Salty Dips	<b>\$ 12,143</b>	\$ 246,124

The Board of Directors established the Salty Dips committed surplus account on May 7, 1996 to be used for the purpose of funding publication of future volumes of Salty Dips. Effective January 2000, the Board of Directors determined that all Salty Dips revenues and expenses would be recorded in the Salty Dips committed surplus account.

**6. FINANCIAL INSTRUMENTS**

Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due.

Trade accounts payable and accrued liabilities are generally repaid within 30 days.

**7. SUBSEQUENT EVENTS**

The outbreak of a novel strain of coronavirus resulted in the global declaration of a pandemic by the World Health Organization. Government measures in place to combat the health threat of the virus have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the outbreak are unknown at this time, as are the efficacy of government and central bank interventions. It is not possible to reliably estimate the length and severity of the measures nor their impact on the future financial results and conditions of the organization.